

2014-15 CAPITAL IMPROVEMENT PROGRAM

OVERVIEW

The City of Carlsbad Capital Improvement Program (CIP) is a 15 year planning document that outlines the expenditure plan for future capital projects and the corresponding revenues to pay for those expenditures. The CIP is a financial planning document, not a commitment for spending. All construction costs are estimates and are reviewed and further refined each year. Spending authorization is given only at the time the City Council formally adopts the proposed budget, and, at that time, funds are only appropriated for the upcoming fiscal year. Information is shown in subsequent years to provide the most comprehensive overview of all known future facilities the City of Carlsbad plans to construct.

The Fiscal Year (FY) 2014-15 Capital Improvement Program outlines approximately \$69.7 million in appropriations for new capital projects, and for the continuation of existing projects. Projected revenues during the same fiscal year are estimated at \$48.6 million. Growth in the city has resulted in a corresponding increase in the demand for development-related services and facilities. To ensure that the necessary infrastructure and facilities are built on a schedule that meets or exceeds this demand, the citizens of Carlsbad adopted a Growth Management Plan in 1986. The Growth Management Plan states that unless a standard level of facilities is available to meet new demands resulting from the city's growth, development cannot proceed. This plan is the foundation for making decisions about the timing and prioritization of many of the capital projects reflected in this 15 year plan. A discussion of the city's Growth Management Plan is located at the end of this report. The remainder of the report explains the process and the results of the city's plan for its capital facilities.

It is still anticipated that the city will continue to meet its growth management standards. This reflects the Council's continued commitment to construct the facilities as needed to serve the current and anticipated development occurring throughout the city.

Another factor which helped shape the city's capital plan was Proposition C, which was approved by the voters of Carlsbad in November 2002. It allowed the city to expend over \$1 million (per project) of city funds to help finance the following projects:

- City/Safety Training Center
- A portion of Cannon Road – East of College (Reach 4)
- Trails and Open Space
- Alga Norte Community Park and Aquatic Center

After the voters approved the ballot initiative, the city set aside \$35 million for Proposition C projects. Currently, \$16.3 million has been appropriated for Alga Norte Community Park, \$13.7 million has been appropriated for the Joint First Responders Training Facility, and \$5.0 million has been allocated to Trails and Open Space.

PROJECT EVALUATION

Projects that are shown in the CIP are generally defined as any construction (or reconstruction/replacement) of major infrastructure such as streets, libraries, parks, fire stations and administrative facilities, water, sewer and drainage facilities, and other facilities that are located on or in the ground. Upon completion, the total cost of most projects shown in this plan are recorded and tracked as part of the city's inventory of capital infrastructure assets or city-owned real property.

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The CIP and the Operating Budget are integral parts of the total city financial plan. Staff began the evaluation process by reviewing the construction schedules for city facilities in conjunction with the workload of the staff needed to complete the projects. Staff also considered City Council priorities. In the FY 2014-15 CIP, there are approximately 258 continuing and new projects planned in the next 15 years. All new projects were analyzed using the criteria shown in the table. In addition to project timing, an evaluation of the availability of capital construction funds as well as operating funds was then factored into the evaluation process.

Project Ranking Criteria
1. Is the project required to ensure the health and safety of the citizens, as the result of a legal mandate?
2. Is the project needed soon for growth management compliance?
3. Is the project needed now for other city standards (example: ball field standards)?
4. Does the project complete or provide part of the basic infrastructure (example: a linking road segment)?
5. Are there other reasons to construct the project (example: Council priority, timing or funding opportunity, public demand)? Are operating funds available to operate the facility?

CAPITAL PROJECTS

The following two sections provide information about the major capital projects. The first section focuses on projects planned in the next five years, and the second section contains an overview of the entire expenditure plan through the FY 2028-29 (the next 15 years). All construction costs are estimates and only funding for projects planned in FY 2014-15 is appropriated. The information shown in the future years reflect the most comprehensive snapshot of all known future facilities and their associated cost at this point in time.

THE NEXT FIVE YEARS

PARK PROJECTS

The city is in the process of updating existing master plans and re-evaluating future park needs, based on the outcomes of a recent needs assessment. As a result of the needs assessment, funds are included to study a multi-use, multi-generational indoor community center.

Leo Carrillo Phase III – In the southeast quadrant of the city, design and construction of Phase 3 of Leo Carrillo Ranch Park is planned. This phase will re-evaluate the original Master Plan to make sure that the proposed project amenities are serving the greatest need of the community. The total cost of the project is \$1.9 million.

CIVIC FACILITIES



Civic facilities include a variety of facilities from which the city can offer its services to the public.

Fire Station No. 3 Relocation – Fire Station No. 3 is currently located at the corner of Chestnut Avenue and Catalina Drive. As the city grows eastward, relocation of this station is needed to help ensure a six minute response time. The land for the new Fire Station was previously acquired within the Robertson Ranch development project, and the remaining construction cost is estimated at \$8.4 million.

Library Renovation Projects – Significant renovation projects are planned at the Dove and the Cole libraries. Improvements are designed to accommodate current staffing needs, meet patron demands for modern library services and allow for better wireless and communication services for the public. The estimated renovation cost for both libraries is \$4.8 million.

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Facilities Maintenance – As the city facilities begin to age, maintenance and repair projects are needed to keep them in good condition. Projects for the next five years have been identified at a total cost of about \$7 million. Included are major refurbishment projects at the Cole and Dove libraries which will be constructed in conjunction with the renovation projects mentioned above, as well as refurbishments at Fire Station No. 2, the Fleet Maintenance Facility, and the Safety Center.

Trails – The Citywide Trails Program strives to meet the leisure and recreational needs of Carlsbad residents while protecting and preserving open spaces in accordance with the City of Carlsbad General Plan. Additional funding is included to complete the Arroyo Vista Trail Extension and the Lake Calavera Trails system.

STREET AND CIRCULATION PROJECTS



The livable streets concept, also called "complete streets," acknowledges that streets are an important part of the livability of today's communities and ought to be for everyone. The City of Carlsbad has made livable streets a priority in planning for improvements to Carlsbad's roadways. Projects are designed to help improve the flow of traffic throughout Carlsbad and to keep the city's street and pedestrian ways in top condition. Complete streets uses

street design to create a sense of place and community through green spaces, medians and signage, while encouraging a healthier, less vehicle dependent lifestyle. An example of a recent project which incorporates these concepts is construction of a traffic circle "roundabout" along the northern end of Carlsbad Boulevard next to Buena Vista Lagoon, making it easier for vehicles, pedestrians and bicyclists to move through the intersection.



ADA Improvements – ADA projects throughout the city are scheduled for \$1 million in funding over the next five years. The projects include various accessibility improvements, including sidewalk curb ramps and pedestrian signals.

Avenida Encinas Widening – Widening to full secondary arterial standards along Avenida Encinas from Palomar Airport Road to just south of Embarcadero Lane is scheduled for design in FY 2016-17 and construction in the following year. The CIP includes \$5.4 million to fund this project.

Carlsbad Boulevard Alignment from Cannon Road to Manzano Drive – This project will widen the road from two lanes to four lanes, including a center raised median, curb and gutter, stamped concrete, and landscaping. The total cost is budgeted at \$6 million.

Carlsbad Boulevard Bridges Concrete Barriers – Installation of concrete barriers on the existing bridges located on Carlsbad Boulevard are planned at a total cost of about \$2.3 million, primarily funded through a federal grant. The bridges are located north of Cannon Road over the power plant outlet channel, and over the railroad tracks south of State Street.

El Camino Real Widening – There are a number of projects that are scheduled over the next five years that will focus on the widening of El Camino Real to prime arterial roadway standards, in addition to other improvements, such as median construction. The projects include widening from Cassia Road to Camino Vida Roble, Arenal Road to La Costa Avenue, Lisa Street to Crestview Drive and Tamarack to Chestnut. In the next five years, \$4.9 million in additional funding is included for these projects.

Pavement Management – Carlsbad's local streets are maintained on a regular cycle to ensure a good riding surface and to extend the life of the streets. Part of the maintenance program is the

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sealing and overlay of the existing street surface. In addition, any problem areas are addressed along with the overlay as they are identified. The FY 2014-15 CIP has \$18.5 million budgeted in the next five years for this program.

Parking Lot Maintenance Program – The maintenance of city-owned parking lots is a relatively new program and is scheduled to receive funding of \$1.2 million in the next five years.

WATER/WASTEWATER PROJECTS

The city's water and wastewater projects are vital to the continued health and welfare of its citizens. Most new lines are built and paid for by developers. As the city ages, it becomes necessary to repair and replace the lines that already exist, and an increase in these projects is anticipated in future years. In the next five years, an additional \$104.7 million in funding is scheduled for both new and replacement water and sewer projects.

Vista/Carlsbad Interceptor & Agua Hedionda Lift Station Replacement – This project consists of a set of individual projects that will ultimately construct a parallel sewer interceptor system to accommodate existing and future sewer flows from the cities of Vista and Carlsbad. The individual projects include a main in Jefferson Street, replacement of the Agua Hedionda Lift Station, and a main from the lift station to the Encina Wastewater Facility. The overall total cost estimate for this set of projects totals \$64.2 million, of which an estimated \$19.9 million is to be funded by the City of Carlsbad, with the remaining \$44.3 million to be funded by the City of Vista.

Wastewater

Other major wastewater facilities scheduled for construction or replacement within the next five years include:

- Buena Interceptor Sewer Improvements
- Faraday/El Camino Real Sewer Replacement
- Las Palmas Trunk Sewer
- Poinsettia Lane Lift Station Emergency Overflow Basin
- Quarry Creek Sewer Extension
- Terramar Sewer Replacement

Water Lines

Major water facilities scheduled for construction or replacement within the next five years are estimated at \$32.1 million, and include the following locations:

- Aviara Parkway and Plum Tree
- Carlsbad Boulevard – South of Avenida Encinas
- College Boulevard – Cannon Road to Badger Lane
- Desalinated Seawater Transmission Main
- Fire Flow System Improvements
- Hydroelectric Generator at Palomar Airport Road/White Sands
- La Costa High Reservoir Inlet Pipeline
- Maerkle Reservoir Floating Cover Replacement
- Maerkle Pump Station Improvements and Transmission Main
- Santa Fe II Inlet Pipeline
- Tri-agencies Water Transmission Pipeline Replacements

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Recycled Water Expansion

Expansion to the Carlsbad Water Recycling Facility, including construction of additional pipelines and a reservoir, are anticipated to cost \$29.6 million in total, with \$21.6 million in scheduled future appropriations. These facilities are expected to meet the 76 percent increase in future recycled water demand.

DRAINAGE PROJECTS

The city's drainage infrastructure plays an important role in handling storm water runoff flows, as well as maintaining the water quality of the city's creeks, lagoons and ocean. Carlsbad supports programs that will ensure that all water bodies within the city are safe and clean and, where possible, open to the public at all times. The system consists of drainage pipes 30-inches or larger in diameter, large concrete and rock lined channels, permanent sedimentation basins and miscellaneous large facilities. As the city continues to age, it will become necessary to repair and replace the lines that already exist, so an increase in these projects is anticipated in future years. An additional \$2.3 million will be added to the program in the next five years.

CAPITAL PROJECTS THROUGH FISCAL YEAR 2028-29

The CIP for FY 2014-15 to FY 2028-29 outlines approximately 258 projects at a cost of \$496 million as shown below:

CIP Projects - All Future Project Costs		
Project Type	Percent	Total Cost
Streets/Circulation	25%	123,776,757
Civic Projects	16%	78,262,258
Wastewater	18%	87,632,465
Parks	16%	81,065,600
Water	17%	84,338,000
Drainage	3%	16,034,465
Other (loans)	5%	24,867,039
Total Future	100%	495,976,584

Current projects planned are listed below:

PARK PROJECTS BY QUADRANT

The timing of most park projects will be determined once master plans are updated and an implementation is finalized. Listed below are the projects as currently shown in the Capital Improvement Program.

Citywide Park and Recreational Project

Veteran's Memorial Park
Business Park Recreational Facility
Multi-use, Multi-generational Indoor Community Center

Northwest Quadrant

Pine Avenue Park Community Building

Northeast Quadrant

Robertson Ranch Park Site Development



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Southwest Quadrant

Poinsettia Park Community Building
Aviara Community Facility

Southeast Quadrant

Alga Norte Community Park Phase II
Leo Carrillo Park Phase III

Approximately 25 percent of future expenditures, or \$123.8 million, are planned for street and traffic signal construction projects. Projects include several road-widening projects, Carlsbad Boulevard Realignment, and funding for sidewalk construction, concrete repair work, ADA projects, and parking lot and pavement maintenance.

Wastewater projects are expected to cost over \$87.6 million, or 18 percent for numerous pipeline construction and rehabilitation projects.

Future water and recycled water projects include construction of new waterlines, both potable and recycled, and expansion of the Carlsbad Water Recycling Facility. Replacement of existing potable waterlines and reservoir improvements are also included in this category. A total of \$84.3 million, or 17 percent of the total CIP, is planned for these projects.

Construction and maintenance of civic facilities such as libraries, administrative buildings, and police and fire facilities are currently estimated at \$78.3 million, or 16 percent of the total planned capital expenditures to build out.

UNFUNDED PROJECTS

There are several projects identified in the CIP for which there is no identifiable funding source and, in some cases, where only partial funding has been identified. The city will investigate obtaining possible outside funding, such as federal and state grants, loans, or other financing. Once funding is identified for these projects, the project costs will have to be reviewed and updated to reflect actual cost estimates. The estimated cost of these unfunded projects are not increased each year based on an inflationary increases. These projects are:

- Agua Hedionda Channel (partial)*
- Business Park Recreational Facility (partial)
- Cannon Lake Park
- Cannon Road - Reach 4B – Cannon Road/College Boulevard to City Limits (partial)
- Carlsbad Boulevard Widening Mountain View to Northerly City Limits (partial)**
- Carlsbad Boulevard/Palomar Airport Road Improvements (partial)**
- Carlsbad Boulevard Realignment, Segments 3-5
- Hosp Grove/Buena Vista Lagoon Improvements
- Pine Avenue Park – Madison Property Phase 2
- Robertson Ranch (NE Quadrant) Park Development (partial)

(*) The Agua Hedionda Channel project is funded in part with Planned Local Drainage Area fees. The unfunded amount is listed in this section.

(**) These projects are in the Traffic Impact Fee (TIF) program approved by the City Council on May 12, 2009, which was planned to generate enough revenue to pay for 20 percent of the total cost of these projects, the remaining 80 percent is unfunded.

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FUTURE GROWTH AND DEVELOPMENT

There are a variety of revenues that are used to fund the capital projects. In order to estimate future revenues from development, several assumptions about the rate and type of future development need to be made. These assumptions can change from year-to-year and correlate with the economic climate.

Every year, city staff evaluates all existing and future private development projects and compares this information to the capacity of the city using adopted general plans. Information about existing development activity combined with estimates of how remaining net developable land might develop is then summarized to prepare future projections about when and where residential and non-residential development will occur. The following table shows the number of residential units and non-residential square feet of development used in calculating estimated revenues for FY 2014-15 and subsequent years to build out.

Projected Development Residential and Non-residential Construcion		
Year	Residential Units	Non-Residential Square Feet
2014-15	144	122,801
2015-16	175	182,649
2016-17	82	141,816
2017-18	233	224,483
2018-19	286	139,283
2019-23	1,193	2,730,953
2024-28	1,139	4,322,144
Totals	3,252	7,864,129

Finance Department staff prepares cash flow schedules using current fund balances combined with future estimated fees paid by those developments, and compares the available funds to the expenditure plan to ensure that funding will be sufficient for construction of the capital projects as planned in the CIP. In addition to evaluating whether or not capital funds are sufficient, significant operating cost impacts and availability of staff resources are also considered in evaluating the timing of projects. Where funding discrepancies occur, alternative financing methods and project timing are again evaluated and recommendations are made to resolve the discrepancies.

The number of annual building permits issued is projected to decline compared to the previous five-year period. The development schedules of the remaining vacant parcels are driving the timing of the future units. There are 3,252 units remaining before the city reaches buildout.

Residential development for FY 2014-15 is projected at 144 units, and, over the next five years will average 184 units per year. This is compared to an average of over 297 units per year for the previous five-year period. The decline, particularly in the next five years, is expected to continue, in part, due to the decreasing supply of developable land.

The amount of non-residential development is projected at about 811,000 square feet over the next five years, a significant decrease from the prior five years at \$1,622,000 square feet.